

1. East Asian Security Environment

In the East Asian area, classic securities issues such as the cross strait tension and Korean Peninsula issues coexist with new security issues such as terrorism and proliferation of weapons of mass destruction. Japan needs to simultaneously address both of these issues, for which a national security strategy is required. The Council for Defense and Strategic Studies has also been discussing Japan's security strategy from different angles including China's movements, North Korea's movements, the U.S. East Asian strategy and in particular the China strategy, outlook of the Japan-U.S. cooperation and maritime security issues.

(1) Rise and Outlook of China

A. External and Internal Impact of China's Economic Growth

In terms of China's external activities, the fact that China's growth as a global powerhouse through economic development has proven to be a benefit mainly from economic viewpoint, at least in the short to medium term, cannot be denied. With its new role as the factory of the world providing products worldwide at low costs, China has become an important source of imports for major U.S. supermarkets. Additionally, China's middle class is becoming an increasingly important presence on the economic scene, as a result of which large markets are gradually being created. Additionally, with China's middle class becoming an increasingly important presence on the economic scene, large markets are gradually being created. In the 80's and 90's, most of the companies that had expanded into China were essentially companies that used the country's cheap labor, bringing in the materials to China where they would be processed and exported. However, such trends have changed and today, the purpose of production has shifted to domestic consumption. If the expansion of a country's middle class constitutes a necessary condition for democracy to take root in that country, when this assumption is combined with the theory of democratic peace, the expansion of China's middle class could lead China to change for the better, in particular for democratic countries such as Japan and the United States. Furthermore, in its efforts toward economic development, China is actively participating in the wave of globalization and accelerating its growth by integrating itself into international organizations. In light of these trends, suggestions that China in principle is not a revisionist power but rather a status quo power cannot be completely denied.

However, China's rapid economic development is not only accompanied by positive changes; it is also associated with growing concerns. Of particular concern is the rapid modernization of its military strength. Since 1989, China has been increasing its military budget by more than 10% every year. However, the true figures may be vastly higher as estimates place the expenditures at more than three times officially disclosed figures.

Moreover, due to extremely low use efficiency of energy and natural resources, China's demand for energy resources needed to fuel its economic growth is rapidly increasing. As a result, its dependence on energy resources from abroad is becoming significantly high. The country has been a net oil importer since 1993 and stands today as the second largest oil

consumer in the world. Because it cannot always smoothly procure its supplies of oil via open international markets, it is attempting to obtain control of oil resources at the wellhead. China's sudden involvement in problematic countries which the United States identifies as countries of concern such as Iran, Venezuela and Sudan may ultimately have a negative impact on international order.

Meanwhile, China's economic growth has led to major changes in Chinese society as a whole, which are causing certain serious problems. First is the issue of the various disparities that exist in Chinese society. China is said to have three major types of disparities. These are the apparent income disparities between urban and rural areas, coastal and inland areas and in a single area. According to recent studies, the urban-rural income ratio is now as high as 6 to 1 and the current Gini coefficient is at 0.46. Second is the fact that economic growth has resulted in serious environmental destruction.

The issue of environmental destruction is causing several public protests at the local level and is becoming a major source of social discontent. Because the current situation of increased social anxiety is still relatively limited to the local level and protests involving violence, etc. are targeting local government organizations, it is not known whether these will lead to a political crisis in China. However, the issue of environmental destruction cannot be considered simply as China's internal problem as it has a serious impact on Japan and Korea in terms of environmental pollution and is also significantly related to the aggravation of the global greenhouse effect caused by the emission of CO₂ in the air.

B. China's External Strategies and Activities

China's intensified external activities in East Asia and Southeast Asia after the Tiananmen Square incident is the result of China having chosen Asia as a door to diplomacy to break free from international isolation. China has been conducting aggressive and varied diplomacy such as improving its relationship with Southeast Asian nations, improving its relationship with ASEAN, as well as participating in regional security organizations including ASEAN.

In the mid 1990's, China began to increasingly take action in response to the unipolar hegemony of the U.S. This, however, is believed to be a case of soft-balancing rather than balancing the power of the U.S. where, while avoiding confrontation with the U.S. and even improving the relationship in some cases, China is working on creating a situation that will counter American influence. In other words, China is constantly thinking about how to ensure its own autonomy without getting caught in today's U.S.-led international system. Behind China's efforts to enhance its relationship with ASEAN countries lies the so-called "new outlook on security". China is modifying the policy of cooperative security as it sees fit. It is attempting to introduce this "new outlook on security" and somehow create trends that will challenge the reinforcement of the U.S.-dominated alliance structure, as well as to promote multipolarity by forging strategic partnership relationships with various countries such as can be seen in its efforts to improve its relationship with Russia.

Such trends have become even more evident after the September 11 attacks. In terms of improved relationship with ASEAN, China was the first country to accede to the ASEAN Treaty

of Amity and Cooperation in Southeast Asia (TAC) as an extra-regional country. The country is also working on promoting an East Asian Community based on the ASEAN Plus Three group. Furthermore, it has been improving its relationship with India since the 1990's. For a long time, China had been working to improve its relationship with India solely from the perspective of stabilizing the international environment surrounding its country. However, since around 2001, in response to the fact that the U.S. has come to recognize India as a counterweight against China, China has been seeing India as a target for its strategy to promote multipolarity and making active efforts to improve its relationship with India to form a China-India strategic partnership.

C. China from Mid and Long-Term Perspectives

We've just discussed the positive and negative aspects of China's rapid economic growth. However, when considering Japan's security strategy, it is necessary to examine China from mid and long-term perspectives. From a mid-term perspective, China's economic growth may cause increased military threats. If ever the need arises to prevent the further spread of public disorder and insecurity triggered by increased gap between rich and poor, etc., the People's Liberation Army would be called on to participate. In addition, China's aggressive attitude to secure its energy interests may destabilize global order. Meanwhile, there is also the possibility that an accidental military conflict may occur in the sea around the Nansei Islands if the Chinese Navy act arbitrarily and provocatively with regard to important sea lanes that serve as energy pipelines such as the Paracel and Spratly Islands in the South China Sea, the Senkaku Islands and gas fields. Furthermore, if China decides to take some kind of military action against Taiwan's movement toward independence, it could lead to an emergency evacuation of Japanese living in Taiwan and the creation of refugees from Taiwan and in the worst-case scenario, it could also result in military conflicts between the U.S. and China or in some cases even the erosion of Japan's sovereignty.

In order to discuss China's long-term threats, we must first visualize how China's situation will change 10 to 20 years from now. The estimation of threats would vary according to how the country will grow. Possibilities for China's future include (a) a major democratic nation, (b) a major nation fraught with the danger of internal division due to continued turmoil, and (c) a militarily bloated autocratic state. Possible situations where China's overblown military would be a threat to its surrounding nations include: 1. if the leader of the Chinese Communist Party takes bold action, 2. if the Chinese Communist Party can no longer properly control the People's Liberation Army, 3. if Taiwan moves toward independence, 4. if Japan and China engage in conflict, 5. if China has difficulties securing and supplying energy and food, 6. if risks of internal division or self-destruction arise due to failure in economic policy, 7. if China engages in conflict with Islamic states due to failure in maintaining a relationship with western Islamic states, and 8. if coordination between the U.S. and China regarding China's influence over the Korean Peninsula is no longer possible.

In the long run, the U.S. and China may become highly competitive against each other. If China's military power continues to grow and becomes a threat, the U.S. might use an

enveloping strategy (?) instead of trying to contain it, or use the same strategy it used against the Soviet Union during the Cold War and thus inviting China's internal collapse through a competitive strategy. In any case, we cannot deny the possibility of an accidental military conflict between the U.S. and China and its escalation.

(2) North Korea's Threats and Outlook

A. North Korea's Threats

North Korea is for Japan a threat from both short and mid-term perspectives. From a short-term perspective, the nuclear threat is of course a serious threat, but a more realistic threat are the espionage activities by special units.

From a mid-term perspective, North Korea's internal division would most likely present threats to Japan. The military and the party may split causing North Korea's decline. If the party attempts to pursue a reform and open-door policy the way China did, the military will feel a sense of crisis and may adopt a strategy of brinkmanship to foster such crisis. Furthermore, a coup d'état may ensue, resulting in a civil war. In such cases, the international community would likely take various intervention steps to contain such turmoil within North Korea's borders. China would deploy military forces along the China/North Korea borders to ensure that North Korea's serious internal situation does not cross borders. Another possibility is that China would actually militarily intervene in order to protect their economic interests. North Korea's internal turmoil may spill over into surrounding areas such as the Taiwan Strait and Xinjiang Uighur Autonomous Region. North Korea's self-destruction could act as a trigger and generate huge numbers of refugees, part of which could pour into Japan.

Furthermore, threats of missile attacks from North Korea must also be included in the possibilities of mid-term threats. With regard to the review of the three nonnuclear principles, the idea of nuclear sharing, a concept which NATO has adopted is conceivable. Nuclear sharing can be done in two different ways. One is by sharing hardware under a "one door two locks (?)" principle, and the other is by not sharing hardware but discussing between countries and taking common decisions on nuclear weapons policy.

On an even longer-term note, the threat of a unified Korea must be considered. It is the possibility that in the future, a unified Korea would possess nuclear weapons. It is not so much about the unified Korea being a threat the minute North Korea and South Korea unify, but more about considering the various problems that would arise during the process leading to unification and how the unification would affect the unified Korea's policy on Japan including its nuclear policy.

B. North Korea's Nuclear Development and the U.S.

Although North Korea's nuclear development originally began in response to a local issue which was the survival of its regime, because weapons of mass destruction such as nuclear weapons and missiles and their means of delivery in itself are of a global nature, these globalize

local issues. In addition, since the September 11 attacks, the U.S. has been placing North Korea's nuclear development on the same level with that of Iran and Iraq, as is indicated in its expression "axis of evil". It is true of course that the Middle East is much more important to the U.S. than North Korea, the reason being that geopolitically speaking, the differences between the Korean Peninsula and the Middle East are too great. For instance, North Korea is not surrounded by Jewish states nor does it produce oil. In addition, the U.S. does not have any major strategic interests in bringing down North Korea. From the U.S. perspective, military action against North Korea would only lead to a costly war. Furthermore, North Korea does not have a military partner, and is close to major nations such as Russia and China. In other words, U.S. policymakers are clearly acknowledging such differences between the Korean Peninsula and the Middle East.

The U.S. believes that North Korea's possession of nuclear weapons and long-range ballistic missiles can be dealt with through deterrence and containment for the time being. The U.S. is aware that the spread of North Korea's nuclear arms and missile technologies to other rogue nations and terrorist groups constitutes a much greater threat. Such awareness is also clearly apparent in the statements of officials of the Bush Administration regarding North Korea's nuclear experiments. As opposed to this, the mere fact that North Korea possesses nuclear weapons and missile technologies is a serious threat for Japan. As a result, these differences between Japan and the U.S. regarding the awareness of threat may significantly deteriorate the sense of strategic unity between these two nations. If such situation is left unaddressed, it would only deepen the doubts about the credibility of the U.S. nuclear umbrella under which Japan stands. This is because after all, the credibility of the nuclear umbrella is supported by the sense of strategic unity among the allied nations. Therefore, the common operation of the defensive yet strategic weapon system referred to as "ballistic missile defense" between Japan and the U.S. would offer the opportunity to reinforce such sense of unity between the two nations.

Meanwhile, North Korea strongly distrusts the U.S. and is concerned about what would happen afterward if it were to dismantle its nuclear weapons program. North Korea therefore believes that the abandonment of its nuclear program and security guarantee should proceed in a parallel manner by engaging in a bilateral process.

C. Prospects for North Korea's Regime Change

Currently, North Korea's economy is quite deeply eroded by the economy of China's northeast area. In return for allowing China to develop mineral resources, North Korea imports many of China's products. North Korea sells a huge amount of rare metals. In some areas, capitalist trends are slowly starting to be seen, and if such trends continue for an extended period, there is no way the current North Korean regime will maintain status quo. Its socialist regime is already beginning to crumble. However, North Korea's reform and open-door policy has still not even reached the early stages of China's reform and open-door policy. In North Korea, the idea that those who are to become wealthy can go ahead and become wealthy is still not widely accepted, as it believes the gap between the rich and the poor should be kept to a

minimum because such gap would only lead to turmoil. It hasn't yet reached the point of introducing a market economy as it is merely still in the stages of partially accepting the market principle to seek actual benefits. It is difficult to predict whether North Korea's economic reform will actually result in a "socialist market economy" or if somewhere along the way it will cause a great turmoil as a result of which the country will lose control over its reform process.

It will likely take a long time before a regime change is achieved in North Korea. If North Korea's nuclear issue cannot possibly be resolved using the "Libya model", an approach urging North Korea's regime change is essential in the process of having the country abandon its nuclear program. The only solution is to encourage North Korea's economic openness and seek a gradual transition to a new regime. We must think about what would happen if a huge amount of capital and technology would flow into a country with a population of 20 million. North Korea would be forced to undergo a major reform. This is in a sense a "poisoned apple" theory, where if North Korea is constantly fed poisoned apples it would gradually lead to a regime change, causing internal collapse. Of course, despite efforts toward a gradual regime change, it is also conceivable that the situation progresses to a degree that can no longer be controlled externally, resulting in a precipitous collapse of the regime. However, an internal collapse rather than a collapse from external forces is the optimal way to avoid any violent situation. If one tries to subvert North Korea's regime from external forces, the North Korean leadership will react sharply. As a result, external states engaged with North Korea may end up paying a higher price. Although there are views regarding the benefits of an engagement policy with North Korea that are relatively positive, arguments that question them also do exist. Indeed, although the participation of a large number of Korean laborers in the construction KEDO's light water reactors was believed by some to produce a crack in North Korea's regime back then, this incident clearly demonstrated that this poisoned apple was ineffective. However, if a regime change is necessary to go to the root of North Korea's nuclear issue, external states must develop a long-term strategy and approach allowing them to promote such change.

(3) U.S. East Asian Strategy and the Japan-U.S. Alliance

A. U.S. East Asian Strategy

The current East Asian order is one where the U.S. is its main axis, and includes the following elements. They are the hub-and-spoke relationship between the allied countries including Japan and Korea, an engagement policy toward China, which is a major constituent that is not an allied country, the complementation of such relationship and policy by multilateral frameworks, and their endorsement through forward deployment of the U.S. forces.

With regard to the prospects for such regional order, *The U.S.-Japan Alliance: Getting Asia Right through 2020* (hereinafter referred to as the 2nd Armitage report) released in February 2007 serves as a reference. Although this report mentions the possibility that in 2020, China will be a "dominating regional power", it accentuates the leadership of the U.S. It presents three aspects regarding future regional order. First, it suggests the creation of a condominium between the U.S. and China. The idea is to build an order based on cooperation between the U.S.

and China in this region while maintaining a unipolar U.S. management on a global scale. The second possibility is a bipolar structure with only the U.S. and Japan facing China. This is a situation that would arise with a stronger Japan-U.S. alliance that would clearly take action against China. The third suggested structure would be to have countries such as Japan, India, Australia and Singapore participate in building and maintain order while the U.S. retains leadership. Led by the U.S., Asia's other successful powers would gather and take measures to expand areas of cooperation with China. After presenting the above three structures, the "2nd Armitage report" concludes that the best structure for not only the U.S. but also Japan and other Asian countries would be the third structure. If such perspective is the mainstream East Asian strategy in the U.S., Japan must consider defense cooperation with the U.S. based on this.

B. Strengthening of the Japan-U.S. Alliance

After the development of the "Final Report" regarding the realignment of U.S. forces in Japan in May 2006, the two leaders announced a joint statement titled "Japan-U.S. Alliance of the New Century" the following month at the Japan-U.S. summit meeting, which declared that the realignment of the U.S. forces in Japan and the realignment of the Self-Defense Forces related thereto were groundbreaking and historic. Two reasons lie behind this. The first reason is the strengthening of Japan-U.S. military cooperation in cases of emergency situations in Japan or in areas surrounding Japan. The second reason is the formation of a foundation for military cooperation between Japan and the U.S. from the perspective of overall international security. In the future, on the premise that the policy described in the "Final Report" will be implemented, a framework that will bring significance to and organize the development of such cooperation will become necessary.

In fact, in some cases, the cooperation in emergency situations in Japan or in areas surrounding Japan would extend beyond the boundaries the Guidelines for Japan-U.S. Defense Cooperation agreed in 1997, and thus these guidelines may need to be expanded. In terms of cooperation with overall international security in mind, an actual framework has yet to be created. Although the expression "U.S.-Japan Global Alliance" has been used since 2003, this is merely a slogan as the real issue is to determine what this slogan really entails. One solution would be to extend the scope of the "guidelines", but many have voice objections against this. In any case, the term "Japan-U.S. Defense Cooperation" in future regional order and world order can be clearly defined only after having created such framework.

However, before actually creating a framework, security interests would need to be constantly discussed and confirmed between Japan and the U.S. The reason for this is that although the Japan-U.S. alliance has been greatly enhanced, the possibility of an increasing gap between the security interests of both sides cannot be denied. Earlier, the section "North Korea's Nuclear Development and the U.S." already pointed out the clear existence of differences between Japan and the U.S. regarding the awareness of North Korea's nuclear threat and that this may significantly deteriorate the sense of strategic unity between these two nations. In addition, if China grows in strength, it could threaten Japan's security and economic interests or even lead to a serious issue of Japan's identity being denied. Under such

circumstances, a divergence of security interests between Japan and the U.S. is clearly unadvisable. Unfortunately, in the U.S., the concept of joint hegemony with China over East Asia is always present as an option, and a watchful eye must be kept on the fact that a great number of people actually support this idea. Furthermore, the “2nd Armitage report” mentions the possibility of China becoming a dominating regional power, and thus based on this, the possibility that the U.S. changes its relationship with this region should always be kept in mind. Meanwhile, from Japan’s perspective, a joint hegemony between the U.S. and China would be unacceptable. In other words, a difference in perception lies in terms of how strong Japan and the U.S. would allow China’s presence to grow. The U.S. believes that China’s growth is not necessarily a bad thing as long as it does not threaten an America-centric unipolar international order, and would even be satisfied if it would contribute to the creation of a stable security environment in this region through cooperation with China. However, such is not the case for Japan. Indeed, if under such circumstances the rise of China shows a tendency to move toward being detrimental to Japan’s national interests, it would be difficult for Japan to control it. Japan is required to develop a strategy that would ensure the country does not take political or military orders from China. From this viewpoint, politically-speaking, a permanent seat in the U.N. Security Council, and militarily-speaking, the strengthening of Japan’s own deterrent would serve as the equalizer between Japan and China. Despite the gradual intensification of the Japan-U.S. alliance, not only are constant discussions between Japan and the U.S. regarding each country’s security interests while taking this hidden issue into consideration and the expansion of cooperation in emergency situations in Japan or in areas surrounding Japan important, but so is the development of cooperation from the point of view of overall international security.

Toward the end of the “2nd Armitage report”, specific details as to what the cooperation between Japan and the U.S. should entail are given. In terms of global policies, the report discusses how Japan and the U.S. should cooperate in various non-traditional security issues such as energy cooperation, climate change, terrorism, poverty, epidemics and the economy. In terms of regional policies, the report discusses the importance of cooperation between Japan and the U.S. in both traditional and non-traditional security issues, including the Chinese issues, strategic partnership with India, North Korean issues and cooperation between Japan, the U.S. and Australia as well as the piracy problem. However, the “2nd Armitage report” claims that an Asia-Pacific free trade area or transpacific institutions should be created as a regional policy and proposes that Japan and the U.S. negotiate a bilateral free trade agreement. This almost sounds as if the U.S. is proposing to work with Japan in the entire Asia/Pacific region and go against the East Asian community. Another issue is to determine how to take disjointed elements and create a unified security policy. The Ministry of Defense believes that what is important is to successfully combine non-traditional security issues while keeping the focus on traditional security issues and to enforce a policy that unites the two.

(4) Maritime Security

In the East Asian region, separatist movements and acts of terrorism are deeply related to the ocean due to the region’s geographical features. For example, the Jemaah Islamiah (JI)

terror group of the Philippines conspired with Al Qaeda, arrived in Aceh and has been roaming the archipelagic waters.

In terms of issues related to the ocean, the delimitation of the exclusive economic zone (EEZ) and of the continental shelf comes next in line. Although a fishery accord exists between Japan and South Korea whereby the waters around the island are defined as provisional waters, Japan and China are in conflict with regard to East China Sea and Okinotori. Although China and the Hokuriku region as well as Australia and East Timor recently resolved their EEZ boundary conflicts, Japan and China will most likely not come to an agreement that easily. The rules on which military operations, including marine surveys, waterway surveys and drills are permitted within an EEZ as provided for in the UN Convention on the Law of the Sea are extremely unclear.

In the East Asian region, there are still many areas whose territory, territorial waters and EEZ are undetermined. What is in this region different from Europe is the process of nation-formation. More specifically, in the East Asian region, there are several nations that became independent or that were created after the war and are thus strongly assertive about their nation-state supremacy. This makes the attempt to solve these issues within the international framework or between both parties difficult.

It is also important to study these issues from the perspective of sea lanes or sea lines of communication (SLOC). Of the situations of concern such as navigational accidents, piracy and maritime terrorism, the possibility of pirates committing acts of terrorism is the issue that should be most feared. Should the Straits of Malacca become impossible to navigate due to the presence of pirates or terrorism, the Straits of Lombok and the Straits of Sunda could be pointed out as alternative routes. However, in order to get around the Straits of Malacca, it would take an additional three to four days of navigation, which may result in shipping tonnage dipping.

All Southeast Asian nations are members of the International Convention for the Safety of Life at Sea (SOLAS), except Laos and in the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation (SUA), Indonesia, Laos, Malaysia and Thailand still have not joined.

With regard to sea lanes, the problem is not the entire waterway but rather lies in the vulnerable choke point where vessels flock. For example, of the world's ten largest container ports, six are in the East Asian region, and one quarter of the world's maritime trade, 50% of the maritime trade for Japan, China and Korea combined, and more than 80% of their oil natural gas go through the Straits of Malacca.

The issue of maritime interests is one that China is constantly preoccupied with. China is currently working on strengthening its ties with Myanmar and Pakistan through military cooperation with both countries in order to secure sea lanes. If China succeeds in reaching Andaman Sea from Myanmar, it would not have to go through the Straits of Malacca and would be securing two routes. Despite the extreme importance of such maritime interest issue, there are few serious discussions on the topic in Japan.

Although there exists a framework in which countries that use the Straits of Malacca provide financial support, the only country that has been cooperating so far is Japan. A noteworthy development is that China and Korea have recently expressed their intention to provide

financial support. This may increase international cooperation to ensure safety of the Straits of Malacca. In the past, coastal nations used to be adamant about not letting other nations into their territorial waters. This resulted in letting pirates get away. However, because the British insurance company Lloyd's has imposed higher insurance premiums as it placed the strait on its list of most dangerous waterways, coastal nations have come to increase their efforts to patrol the strait in an attempt to curb piracy. Their efforts have proven to be quite successful.

The U.S. has developed a doctrine to deal with one major war and a few other smaller wars and strategies related to overseas forward deployment, but many of these strategies involve maritime strategies. The same goes for the Global Posture Review (GPR) process and the buildup of its Marine force to deal with the threats of the 21st century. In addition, the U.S. is reviewing its military bases around the world in its efforts to shift defense planning from its traditional "threat-based" model to a "capabilities-based" model. The U.S. maritime strategies in East Asia are focusing on the Taiwan Strait in the short term and on the advance of China on the medium term. China's maritime strategies allow for a switch from coastal defense to maritime defense. Although China has yet to reach "blue water" naval capability, it has poured efforts in the development of new models of destroyers, frigates and assault ships with the purpose of modernizing its navy. From such perspective, we must continue to keep our eyes on the future of China's ocean policy.

The particularity of maritime-related issues is the high interconnectedness of resources, the environment, the economy and security and that these issues are highly likely to intertwine. In the aftermath of the tsunami disaster in Aceh, pirates did not appear in the presence of deployed Japanese and U.S. ships, but once these ships pulled out of the area, pirates appeared. This is a case that illustrates that although the main duty of the naval force is not the implementation of anti-piracy measures, their presence serves as a strong deterrent against pirates. This confirms the theory that one area in the maritime-related issue becomes connected with a different area, and thus a comprehensive maritime security strategy must be developed.